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Elliott, Howard

Remarks of Howard Elliott,
chairman of the Board...

New York

[1915]

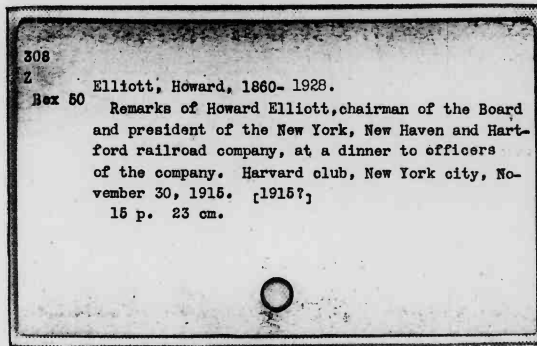
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REMARKS
OF
HOWARD ELLIOTT

Chairman of the Board
and President of
THE NEW YORK, NEW HAVEN AND HARTFORD
RAILROAD COMPANY

AT A
Dinner to Officers
of the
Company



HARVARD CLUB, NEW YORK CITY
November 30, 1915

1313 M. June 25, 19

Gentlemen:—May I have your attention for a few moments, then those who want to catch trains to Bridgeport and New Haven may do so.

I found today that I could have a staff meeting—much the same as those that are held regularly on the divisions—and I thought after that I would try to arrange a little dinner. One object of the dinner is to have Mr. Yeomans—who has recently joined our official family—meet as many of you as possible; another object is to get us all together at what might be called a harmony dinner. I have had the dinner arranged with these small tables so that there could be general conversation rather than that we should all sit at one large table where one man could only talk to his immediate neighbor. For some time I have wanted a meeting like this for as you know it is just about two years since I came into this rather tangled New Haven situation and at that time I did not know many of you, in fact very few of you. We have now worked along together for two years. Having this dinner in mind I looked over some papers yesterday and I found a statement I made at the time I came here. It is perhaps somewhat interesting as I have tried to carry out what I said then as well as to encourage those who have been associated with me. Part of that statement, issued on July 25, 1913, said:

“I come into the management without prejudice for or against any community, policy, organization, method of work, man or men. I hope and expect to find many officers and men with whom I can work closely and cordially. I have no wish to displace any man so long as he is needed, and is of good character, loyal, competent, and is industrious, and will pull his full share of the load.

“No board of directors and no railroad executive can conserve railroad service without being

prudent and fair themselves, and without fair and reasonable treatment and support of governmental bodies; fair and reasonable attitude and support of the press and of the traveling and shipping public, and the great army of owners and employees. Unless all these classes are fair, sensible, without prejudice, patient and helpful each to the other, the best results, and the results that the public desires, cannot be obtained.

"It has been my good fortune to have close and friendly relations with the communities served by the railroads with which I have worked, and with the officers and employees of those roads.

"So far as I have the strength—moral, mental and physical—I shall work to have the same kind of relations between the New England lines and the governing bodies, the public, the press, the employees and the owners.

"Every officer and employee can do a little more each day to make certain that he is wasting neither the Company's time, nor its material, and that he is making the best and most effective use of the Company's plant.

"Criticism is expected, and fair criticism does good. Unfair attacks waste the mental energy of the officers and break down the esprit-de-corps of the army of employees.

"I believe most thoroughly in the fundamental strength of the New England properties, in their ultimate ability to furnish the transportation needed by New England, and in the final good sense and fair judgment of the public. And I believe that the problems now presented to the management and to the public can, must and will be solved.

"I shall give the best that is in me to the work, but I cannot do it alone, and must ask the loyal support of all."

Now, after two years, I want to say that I feel I have had very helpful support, and I want to thank you gentlemen, one and all, for what you have done in helping to get things in a little better shape. Considerable

has been accomplished, as some of you know, in certain directions. The situation we had to deal with turned out to be very different, I think, from what any of us expected on the first of September, 1913; but we have made some progress. The men in this room represent in their personality and position and in the powers they exercise a very great influence for good to the railroad and to the communities we are trying to serve. These powers if exercised wisely and fairly and in a kindly spirit, will do much to forward the work we are all engaged in and which we are in duty bound to do to the best of our ability.

One of the principal things in any large industrial organization, a very important thing in a railroad, is the general spirit of **loyalty**. I think there is, so far as I have been able to observe in the limited amount of time I have been able to use in traveling about the railroad, a good spirit of loyalty, and yet there are opportunities to make this spirit stronger and deeper. I think a good deal has been accomplished in the last two years to encourage a better feeling between the railroad and the public, the railroad and governmental bodies and the railroad officers and railroad employees. There is, however, still much to be accomplished and I want to recite one or two instances which have come to my attention in the last month or two as showing that the spirit of co-operation and the spirit of loyalty needs to be further encouraged; because there are places where the seed has not sprouted.

It was but a short time ago that a certain officer went into one of the offices of this company and saw one of our Courtesy bulletins on the wall. As he looked at it he said, in rather sneering tones: "It is all nonsense to spend money for that sort of thing; it is foolish." Well, it seems to me that that gentleman did not have quite the right spirit. He may think it foolish to try to encourage a spirit of courtesy and co-operation, and yet the modern spirit in all industrial life, railroads included, is along that line, so that a man who takes this position and utters these sentiments is somewhat out of harmony with what I believe, and what I hope those in this room believe, is

the more modern railroad spirit; and it shows also a lack of appreciation of the fact that those who now work for a public service corporation are to a certain extent quasi-public servants and it is therefore a civic duty for us to be courteous to those we are trying to serve.

And another instance came to my attention not long ago. A friend of mine traveling on one of the trains of the New Haven Road, which was delayed for some cause, asked the conductor what the trouble was. The conductor gave him a rather grouchy look and passed on, paying no attention to him. Finally, my friend again stopped the conductor and said: "I see you have a sign up there about Courtesy. I asked you a civil question and I think I am entitled to a civil answer. I do not want to report you, but I shall take occasion to report you as I think I am entitled to that kind of an answer." The conductor then apologized and gave a very pleasant reply. And yet I believe a great many of our men, the great majority of them, are imbued with the desire to give care and attention to the traveling public as well as to their associates.

Another friend of mine made, about a year ago, a long trip on the Southern Pacific, the Northern Pacific, and the Union Pacific—he recently told me the story. He said he was traveling on the Northern Pacific and met a conductor who was careful, and looked after him pretty well, and the gentleman said, "This is a pretty fair road, who is the President?" The conductor replied, "Mr. Hannaford; Mr. Elliott was the President until a short time ago." The gentleman said, "I am interested because Mr. Elliott has gone down to the New Haven Company and I am going to see if there is any change in the general attitude down there, if it is any better." And this gentleman has recently said that in the last year he thought there was a distinct uplifting in the general tone of our company. I don't tell this story to take credit myself, I don't want that, because the credit belongs to you gentlemen and to the employees, but this incident illustrates what steady, persistent work will do. When I went to the Northern Pacific in 1903 there was some of the same feeling throughout the country

from Duluth to Puget Sound that seemed to exist here a little over two years ago; some of it perhaps unjust, but it did exist, and on the Northern Pacific it took several years of the hardest kind of work to instill a spirit of helpful co-operation in all the officers, from top to bottom, high and low, foremen and everybody, and I think we did accomplish a good deal in that direction out there. I think we have accomplished much in the same direction down here, but I want to emphasize the importance of it because we are under inspection all the time and there is always a chance to do better. The company has had a very hard time, and the public has been disposed to be lenient with our short-comings, but they are forgetting the hard times because they see the company doing better and they now expect more; so I urge you most earnestly to do what you can to encourage a spirit of loyalty, a spirit of consideration, a spirit of frankness, a spirit of courtesy among all, officers, employees and with the public.

Mr. John A. Sleicher, Editor of "Leslie's Magazine," is a student of public affairs. Mr. Sleicher has made rather a specialty of looking into the relations of business to the community, and he has quite a good little article in one of his issues, on the gradual appreciation of the possibilities of favorable publicity. The article says:

"AWAKENING

"After a long period of living under a cloud of adverse popular sentiment, business men are awakening to the fact that they have the people with them. Public opinion has so changed that it is no longer impossible for a great industry when attacked by trust busters and demagogues, to get a fair hearing. This is because of the legitimate publicity work which the big industries have initiated. While they remained silent under aspersion and misrepresentation, the people accepted the lie as the truth. As soon as they began to make adequate defense, the whole fabric of calumny and falsehood went down. This proves that business men will always

secure considerate treatment if they will but make a spirited and united demand for their rights."

There is a good deal of truth in that for everyone of us to observe in our daily lives. If we do as well as we can in our particular circle, and explain simply what we can and cannot do, the American people, and the New England people, will in the long run give us justice and assistance.

Another point I want to talk about briefly—in a great railroad or in a big business concern there is always more or less gossip; some of it is idle gossip, and yet it does harm. We perhaps hear something about one another, we are all vulnerable, everyone has his weak spots, and we say things—unthinkingly at times—that are repeated, rolled over and over, which in the end do a great deal of harm and result in friction and trouble in our organization. It is a waste of time to indulge in idle gossip and discussion about this officer or that department or that place or this or that situation. Unless it is real business talk with the idea of producing some definite and positive result, it does harm, creates friction, which in the long run hurts the machine and checks this idea of harmony and co-operation from being as thoroughly inculcated all along the line as it should be. So I say we want to be very careful. If there is any of this idle gossip and criticism of one another we should refrain from it in the future and realize that we are entering a period on this railroad where, if we succeed at all, every man has got to give the best there is in him every day in the week and every hour in the day in order to produce the very best results. We know perfectly well as long as there is friction between officers, between departments, we cannot get the best results.

There is another thing—if we are to pull this New Haven Road out of the "mud"—which we can do, although at times the way seems pretty difficult—we have got to have real enthusiasm for the work. I think there is a great deal of that in the New Haven organization from what I have seen and a very strong interest in producing results. We must realize all the time, however, that there may be better ways of doing our work.

In the two years I have been here my time has been largely taken up in trying to get the better relations established of which I speak, all the time hoping we would come to a period when real constructive work could be done in advancing the property along new lines and in giving those of you who have to run it, financial and physical support so that you would have better tools with which to do the work. I think a great deal of good work has been done even with the tools which you have had, but now we are coming, I hope, to the time when we can give you the better tools, for the question of time in doing your work is of great importance.

We want to eliminate all friction, have every set of officers sit down with every other set, so that there will be a minimum amount of time lost in getting ready to make such improvements as our money will permit and to make them quickly, as we are in a serious condition in a number of directions in what may be called the manufacturing side of our business. We now have to manufacture more transportation than ever before and we must endeavor to adopt methods that will permit us to manufacture even more transportation and to manufacture it expeditiously and more economically—this in order that there will be a little larger margin of profit, and thus we will have more money with which to make improvements and eventually to pay something to the unfortunate stockholders who are now suffering and who are beginning to ask every day for some return because they read in the newspapers that the company is doing better.

I dislike to keep talking about the Northern Pacific, but I spent ten years on that road and some of my experience is interesting to me and it may be to you, for as I have stated there were some conditions there that were somewhat similar to those existing when I came to the New Haven, not financial, but in the general organization and condition of property. There was some friction among departments and among the men; there was some adverse feeling along the line of the railroad, and we were sadly deficient in facilities. We had the advantage out there, however, of a growing country and a rather generous uplift in earnings

which enabled the company to make improvements. I have just received the October figures for that company, which are a pretty good indication of what ten years—twelve years now, two years since I left there—twelve years of hard work can do in trying to adjust many difficulties—including division organization, furnishing accurate information as to costs, getting equipment in order to do the manufacturing part of the railroad quickly and satisfactorily. The Northern Pacific for this month of October made a remarkable showing, better than ever was made when I was there, and better than I thought could be made for a number of years. This report shows the result of careful, close attention to the work of adjusting the plant to the business and of educating the men to run the plant. The road earned in October \$7,166,000.00 and spent \$3,373,000.00, or 47.1% of the gross earnings were used as operating expenses.* Those figures, of course, cannot be approached on a system like the New Haven, and yet when I was on the Northern Pacific we thought anything lower than 55%, with the conditions then existing, pretty good. I think at one time we did get down to 52% but since then as you will note, operating expenses on the road have gone down six or seven points without hurting the physical condition of the property—six or seven points lower than I had hoped to get when I was charged with some of the responsibility. This only shows what can be done with steady, hard work in adjusting everything and in getting everybody to pull together. I firmly believe that here on the New Haven, if we can get the money to gradually make improvements to terminals, sidetracks, engine houses, grades, and have the right kind of engines, and then if we can get all our men, our junior officers and all imbued with the spirit of making the best use of those facilities, that in five years we can make figures that may seem almost as extraordinary as these figures for the Northern Pacific now seem as we look back five or six years on that property. I merely relate this instance to show that while we have accomplished a lot in the last

* Since this meeting the figures for the operations of the Northern Pacific for November have been received. Expenses were only 41.9% of earnings.

two years, at least I feel we have, we have only just begun to get at these refinements and efficiencies in the art of railroading that must be developed all over the United States if we are to make the best use of our railroads and carry their burdens under present and future conditions.

Then there is another question, a very vital one, that you gentlemen should have in mind in your discussions with that part of the public with which you come in contact, and this is the very, very difficult question of our relations with labor and the problems affecting labor, which will have to be dealt with in the next eight or ten months, as well as the financial condition of the company in connection therewith. The excited condition of the market, as it is called, has led many people to indulge in rather extravagant statements about excessive prosperity. Many things have been measured by the boom in a few things, and this has had its effect on the minds of everyone who is classed as a laboring man. The labor leaders are of course quick to take advantage of this sort of thing and it makes a doubly hard situation for those officers of the Operating Department who are charged with the duty of dealing with this very difficult question. Therefore, you should keep this matter before you all the time—because our company is now making a comparatively good showing. In October, I think (Mr. Tomlinson will correct me if I am wrong), the company operated for about 62 cents on the dollar, and it had about \$715,000 left after allowing for 1/12th of its fixed charges, which was about \$600,000 more than a year ago, something for much gratification. Yet in discussing this fact with the public, communities and labor leaders we should never lose sight of the momentous fact that this company has a floating debt today of \$50,000,000; that it is under orders from the Federal Court to sell \$133,000,000 of its assets, which is 28% of all its property; that we do not know at all what we can get for that \$133,000,000; that we do not know how we are to handle the \$50,000,000 floating debt, but that we do know that every dollar we make over and above our fixed charges is practically spoken for so far as we can control it to help pay this great debt and to prepare this

plant for doing better work and improving the living and working conditions of the men. I know that the wage problem is a very hard one for the operating officers to deal with in the face of improved earnings both gross and net, but on the other hand there are very strong arguments in our real financial condition and it is an unavoidable fact that whether a man likes it or not he must take his share of the burden of the company for which he works. He may be lucky or unlucky in working for the New Haven Road, but he is here and he is part of the Company and he must bear his part of the burden of the unfortunate conditions for which no one in this room is in any way responsible.

An important and highly interesting fact which should be a lesson to all was brought very forcibly to my attention in a talk I had recently with Mr. Stone, of Stone & Webster. He is a personal friend of mine and he has, as you perhaps have noticed in the newspapers, just taken charge of the new corporation, the American International Corporation, which is to try to help develop our trade all over the world. There were two reasons why, in my judgment, Mr. Stone was selected for that place; first, he is a man of unimpeachable character, which, of course, is vital for the success of any institution, and second he has built up a very remarkable organization, the Stone & Webster Companies. He and Mr. Webster have gathered together men of unimpeachable character in their organization and men of pretty high average ability, who, little by little, have perfected themselves in many ways, so that all are working together in great harmony and with much effectiveness in turning out results. So, when this American International Corporation had been formed the organizers looked over the United States, considered a number of men for the Presidency and finally selected Mr. Stone chiefly for the two reasons I have given, high character and the ability to produce a complex but harmonious and effective organization. We can do the same thing here on the New Haven. We can make our organization more effective by pulling together and it is our duty to do it.

There is no man who has a mortgage on his position;

no man has a right to retain under him a man that is not doing his full duty and is not of the highest character, or a man that will not be a part of the machine and be loyal in every way. If he doesn't like the way the machine is being run and cannot show that his way is better, it is better for him to get out and make way for somebody who does. In the interest of our poor stockholders we haven't any right to pay out money to John Jones, or Bill Smith, or anybody else if he is not giving a dollar back for every dollar he receives, and furthermore, he should give promise of being able to do a good deal better after he has had the training incident to the actual work of his place. This is a very important factor in the situation. No one of us knowingly would take a dollar out of the treasury of this company or take any of its material; and yet our sympathies sometimes may warp our judgment and we may permit men to be on the payroll who really should not. This is a matter hard to decide but it is what we are here for—to try to adjust our organization so as to make it not only effective today but also to perfect it for those who come after us. We will be here, some of us, a few years, more may be many years, but we should be building up all the time. We have a real duty to perform in not carrying inefficient men longer than it is absolutely necessary to demonstrate that they are inefficient, and it is a waste of money, almost as much as taking money from the treasury, to do that. We must think also all the time of the very important question of being in every possible way above suspicion, because, unfortunately, as you know perhaps better than I, for reasons many of which are unfair and unjust, the New Haven has been and is under suspicion. It is a burden that we must try to make the best of. There was a very good leaflet issued a few years ago for a railroad, and the writer said in one part of it:

"No railroad corporation can be better than the man or men that direct it. There may be much in the system but there is more in the man. It is the man that counts, the man at the throttle, the man behind the train order, the man behind everything. Experience shows that trained men through

years of study and practice win, while untrained men who have not used their opportunities, fail.

"Each year it is harder for men to get on and up in the world without more and better adapted training. The day is past when the unintelligent or the unstudious person can advance. He simply drops out and falls behind. The person who desires to improve his position and get out of the crowd at the bottom of the ladder must climb and work harder than the crowd does. One of the best ways to secure a promotion is first to merit it. While the door to some kinds of positions is still marked with a "pull" the door to respectful and permanent success is marked with a "push." Observations show that the world's best work is not always done by men of brilliant intellect so much as by men of ordinary ability who center their thought and effort upon some definite line of work and then stick to it."

I think there is a good deal of common sense in that.

I think, as I say, we have accomplished a great deal in the last two years and yet I feel as if we had only cleared away some of the brush and got ready for the real, strong forward march to put the New Haven where I believe it can be put—in a better position to serve New England and to serve the great army of employees and ultimately to give a return to the 26,000 or 27,000 stockholders.

So I took the liberty of asking you to come to this simple little dinner so that we might break bread with one another and have you meet Mr. Yeomans who desires to help in the manufacturing part of the business.

There is a great opportunity to make improvements in certain directions; we have made some. I shall not be able, probably, to see all of you in a body again until after the close of this year. I shall hope, however, now that some of our difficulties have been overcome, to have more of our staff meetings—and occasionally a meeting like this—more frequently than it has been possible for me to arrange in the last

two years. I have inflicted rather a longer talk on you than I intended but one of the rules of this dinner is that I am the only person who has to get up and talk on his feet, so you can rest easy on that score!

I am very much obliged to you.

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